



# Department of Justice

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FOR IMMEDIATE RELEASE  
THURSDAY, APRIL 28, 1994

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**JUSTICE DEPARTMENT APPROVES TCI/LIBERTY MERGER AFTER COMPANIES  
AGREE NOT TO DISCRIMINATE AGAINST INDEPENDENT PROGRAMMERS**

WASHINGTON, D.C. -- The country's largest cable operator and a major cable programmer have received approval from the Department of Justice's Antitrust Division to merge as long as they comply with a settlement prohibiting them from participating in anticompetitive discrimination against independent programmers and cable competitors. The merger, which integrates cable services to about 25 percent of the nation's cable subscribers with some of the most popular programming, could have led to decreased competition among video programmers and multichannel program distributors, the Department said.

The settlement is contained in a proposed consent decree filed today by the Department with a civil antitrust suit concerning the proposed merger of Tele-Communications Inc. (TCI) and Liberty Media Corporation. The proposed consent decree would settle the suit. Both were filed in U.S. District Court in Washington, D.C.

TCI is the largest cable multiple system operator (MSO) in the country with over 10 million subscribers and Liberty Media

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has financial interests in programming as well as cable systems serving approximately 3 million subscribers.

Anne K. Bingaman, Assistant Attorney General in charge of the Antitrust Division, said, "The relief obtained in this decree will help enable independent programmers to find markets for their products and will help ensure that consumers get the benefits of new and diverse programming. At the same time, this decree will help ensure that all present and future competitors to cable system operators have access to popular programming so they can better compete, lower prices and increase the quality and services available to consumers."

This suit, which alleges a potential harm to competition arising from increased vertical integration in the cable industry, is the first challenge to a vertical merger by the Department in more than 10 years. This is an example of how the Department will assess mergers under all plausible theories of competitive harm.

TCI, headquartered in Englewood, Colorado, also provides video programming services such as the Discovery Channel, The Learning Channel and Turner Broadcasting Systems Inc. Because it delivers both programming to viewers and supplies programming for delivery, it is a vertically integrated company.

Liberty, headquartered in Denver, also is a vertically integrated company that provides numerous programming services, including Black Entertainment Television, Court TV, The Family

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Channel, Home Shopping Network, QVC, Prime SportsChannel Network, and more than a dozen regional sports channels.

Combined, the firms would have financial interests in many of the nation's most popular and widely distributed programming services.

The Antitrust Division suit alleges that by increasing vertical integration between MSOs and video programming providers, the merger may substantially lessen competition between other cable systems and current and emerging competitors to cable systems by making it more difficult to obtain popular programming. "Video dialtone" services being offered by telephone companies in pilot projects is one example of this emerging competition.

The suit also alleges that the merger may lessen competition by making it more difficult for independent programmers to market their programming to cable operators.

The proposed consent decree prohibits the merged firm from discriminating against independent video programmers with respect to the terms and conditions of carriage on its cable systems and against its multichannel subscription television competitors with respect to the terms and conditions of licensure of its video programming, where the effect of such actions would be unreasonably to restrain competition.

As required by the Tunney Act, the proposed consent decree will be published in the Federal Register, together with the

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Department's competitive impact statement, and any person may comment on the proposed decree by submitting their comments to the Department. After a 60-day comment period, the United States will reply to any public comments and seek entry of the decree by the court.

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